

ACCOUNTING FOR TRUST MONIES

For Courts Using the CORIS Case Management System¹ (revised 5/08)

Possible Issues

- Cash bail delivered to the court from the county jail is not documented on a control listing or a receipt issued by the court at the time of receipt.
- The court does not use the trust accounting features available on the case management system.
- Cash bail, including Finders monies,² is held and not deposited in the bank or with the local government treasurer until its disposition is known.
- Cash bail is applied as revenue directly before the defendant has appeared for offenses requiring a mandatory appearance.
- Finders monies are applied as revenue directly and not held in trust for the statutory 40-day period.
- Cash bail held in trust is not monitored to ensure that the bail is either forfeited, applied, or refunded, based on judicial order when appropriate. If the payee cannot be located, the monies should be remitted to the Division of Unclaimed Property per procedures described in UCA §§ 67-4a-203 and 207.
- There are no tracking procedures to identify overpayments and third party payments and ensure that the monies are paid out promptly to the party(ies) entitled to receive it.
- There are no procedures in place to account for payments received when the case/citation cannot be identified.

¹ This document is available on the web at:
<http://www.utcourts.gov/courts/just/audit/procedures.asp>. The procedures have been compiled from various resources, including various state laws and judicial rules applicable to justice court, the manual of Suggested Accounting Procedures for Justice Courts, published by the Administrative Office of the Courts, and the monograph published by the National Center for State Courts, Internal Control of Court-Collected Funds, by Robert W. Tobin.

² Finders checks are tax refund checks forwarded to the court under the provisions of UCA § 59-10-529 and held in trust for 40 days per the procedures described as follows:

Per subsection (1)(c), a defendant's tax refund may be forwarded to the court and credited as bail to ensure his/her appearance before the court. The Tax Commission sends notice to the taxpayer that the tax refund has been sent to the court as bail to guarantee the defendant's appearance in court. If after 40 days the defendant does not respond to the notice and resolve the warrant, the tax refund is forfeited and applied to any fine or forfeiture, which is due. Notice of the forfeiture is mailed to the taxpayer.

Trust Monies Defined

Court payments that are deemed trust monies include:

- 1) Cash bail posted to secure a defendant's appearance in court;
- 2) Tax refund checks forwarded to the court where the defendant has a warrant outstanding (currently known as the Finders Program, previously referred to as Gotcha);
- 3) Restitution collected and disbursed by the court,
- 4) Reimbursements for services per judicial order, e.g. attorney fees, jail reimbursement, treatment programs;
- 5) Overpayments;
- 6) Payments received when the case/citation cannot be identified.

Basic Procedures

Using the procedures designed for the CORIS case management system. Refer to CORIS documentation for detailed procedures.

1.1 Receipt of Cash Bail Monies

- Receipt cash bail monies for non-mandatory appearance cases directly to the bail/fine³ through the Payment Screen. When the Payment Screen is opened, the amounts due will be listed. The receipt will be posted to the Case History and Payment History, and reflected in the Revenue Distribution report for the journal day.
- Receipt the cash bail monies to guarantee appearance in the Payment screen by clicking on the "Cash Bail" option. This will cause the "Cash Bail" screen to open. Enter the payment amount and other detail. Click "Enter" to return to the payment screen. Finish entering the payment by completing the "Tender Option" information. The Cash Bail receipt will be posted to the Case History and Payment History, and reflected in the Trust Account Summary report as Cash Bail, listing the In date and balance.

Note: If the cash bail is paid by check, the check will not be displayed as available to write for 14 days in the CORIS "Trust Checks Available to Write" module. The system is programmed to hold checks for 14 days to make sure the check is honored by the bank. If the court does not want to wait 14 days to issue a particular check, then from CORIS Trust Check Writing select Trust Checks Available to Write, Filter option and choose "All checks (no waiting for checks to clear)." All checks available for issue will display, without regard to the 14-day wait period. For instance, the court may want to process government or cashier checks, or money orders because these check types are usually not subject to insufficient funds.

³ The Uniform Fine & Bail amounts are programmed in CORIS for non-mandatory cases. The amount due will be listed in the Payment Screen.

1.2 Receipt of Finders Monies

- As described in footnote 1, Finders checks are forwarded to the court as cash bail and receipted as Finders checks on CORIS. Finders checks are categorized as a "Finders" type trust, so the clerk can monitor Finders monies separately. The monies must be held 40 days, per the statute, before the court can dispose of the bail.

Receipt a Finders check by first creating a "Finders" type trust receivable through the Trust Receivable screen. After the Finders trust receivable is set up, the Finders check can be receipted by selecting the "Trust" payment option from the Payments screen. This will cause the "Trust Payment" screen to appear. Select the Finders Program trust type to apply the payment and enter the amount of the Finders check. Click "Enter" to return to the payment screen. Finish entering the payment by completing the "Tender Option" information. Be sure to select "Government" as the check type. The Finders receipt will be posted to the Case History and Payment History, and reflected in the Trust Account Summary report as Finders, listing the In date and balance.

1.3 Receipt of Restitution and Other Third Party Reimbursements (Attorney Fees, Jail Reimbursement, etc.)

These types of trust are receipted by clicking on the "Trust" payment option in the Payment screen. The "Trust Payment" screen will appear listing all trusts. The cashier must then select the restitution trust account to which the payment needs to be applied. Click "Enter" to return to the payment screen. Finish entering the payment by completing the "Tender Option" information. The Restitution or Other Third Party Reimbursement receipt will be posted to the Case History and Payment History, and reflected in the Trust Account Summary report as Restitution or Other Trust, listing the In date and balance.

- Note: A "trust account" must be set up from the Sentencing screen or the Trust Receivable screen before a payment can be receipted to a trust accounts.

Note: If restitution is paid by check, the check will not be displayed as available to write for 14 days in the CORIS "Trust Checks Available to Write" module. The system is programmed to hold checks for 14 days to make sure the check is honored by the bank. If the court does not want to wait 14 days to issue a particular check, then from CORIS Trust Check Writing select Trust Checks Available to Write, Filter option and choose "All checks (no waiting for checks to clear)." All checks available for issue will display, without regard to the 14-day wait period. For instance, the court may want to process government or cashier checks, or money orders because these check types are usually not subject to insufficient funds.

1.4 Receipt of Overpayments

- When the court receipts more money than is owed, an overpayment will occur. The Overpayment receipt will be posted to the Case History and Payment History, and reflected in the Trust Account Summary report as Overpayment, listing the In date and balance. To provide a proper record of events, the overpayment amount should be receipted, deposited, and disbursed through the disbursement process described below in section 3.1. Until the overpayment is disbursed, it should be accounted for as trust monies because it is monies held for another person.
- The court may want to adopt a policy that an overpayment, which exceeds a set amount, is refunded, and an overpayment less than the amount is retained as miscellaneous court revenue, unless the payer requests a refund. This is the policy in State Courts.

CORIS is programmed to create a trust account when an overpayment is receipted that exceeds the overpayment refund limit. The amount is set per local policy in the *Maintenance / Local / Court Default* screen. In addition, as noted above, if the payment was by check, CORIS will not list the amount in the "Trust Checks Available to Write" module for 14 days to allow time for the check to clear the bank before monies are paid out.

1.5 Payments Received When the Case/Citation Cannot Be Identified

- If payments are received but the case/citation cannot be identified, the monies can be receipted as "Trust without a Case" (this is a payment option on the *Cashiering* screen). The monies are then held as trust monies for a reasonable time (e.g. 30 days) until the case/citation can be located.⁴ From the *Cashiering* screen, click the "Trust without a Case" payment option. This will bring up a screen to enter the detail information on this payment. Be sure to note in the "Payment Description" on this screen that this is a payment received before the citation has been filed. This will help you identify the payment later. The payment will then be posted to the "Trust without a Case" category in the Trust Account Summary.
- If the court has a policy that payments received without a case will be deposited and held in trust for a reasonable period until the case/citation can be located, the payment should be deposited within 3 business days. The court should also have a policy that, if after the holding period the

⁴ Some courts have a policy that payments without a case/citation will be returned if received by mail, or rejected if the payment is submitted in person and the payer is asked to return when the court has received the citation. From a customer service standpoint, it is practical to accept such payments even though the citation has not been received from the issuing law enforcement agency. If the payer has a copy of the citation and it can be clearly determined the citation will be referred to that justice court, the court can enter the citation based on the copy provided by the payer. If the payer does not have a copy of the citation, the court can still accept the payment, and deposit and account for it as trust monies per these procedures until the case/citation can be identified or returned to the payer.

case /citation has not been located, the monies will be returned to the payer, or handled as unclaimed property if the payee cannot be located, per UCA §§ 67-4a-203 and 207.

2.1 Monitoring Procedures for Cash Bail Held in Trust

- Receipt and deposit in trust, cash bail posted to guarantee appearance and hold until the court disposes of the bail (directs that the monies be applied, forfeited, or refunded).
- Monitor cash bail held in trust at least monthly to ensure trust monies are held and disbursed properly. Generate the Trust Account Summary Report for a list of cash bail held per the court records. Cash bail is listed in the "Cash Bail" trust type in the report. Verify that the cash bail per this list should be held. For example, verify that a hearing is pending or a warrant is outstanding. If a warrant is outstanding, bring the case before the judge for a decision as to whether the bail should be forfeited or continue to be held in trust.

2.2 Monitoring Procedures for Finders Monies

- Deposit Finders checks in trust and hold until the 40-day period expires or the defendant has contacted the court, and the court has directed disposition of the bail. If after 40 days the defendant does not respond to the notice and resolve the warrant, the tax refund can be forfeited and applied to any fine or forfeiture which is due (in cases where no appearance is required).

Note: In the 2007 Legislation Session, UCA 59-10-529 Overpayment of tax - Credits- Refunds (4)(b) was amended. The court is no longer required to reduce the warrant by the amount of the tax overpayment.

If the Finders monies have been posted to guarantee appearance in a case requiring mandatory appearance, the court must direct disposition of the bail. If defendant does not appear, and the date for appearance has past, the court can forfeit the bail (or apply it to the underlying fine amounts due) and leave the warrant outstanding. Notice of the forfeiture is mailed to the defendant. The steps for creating the "forfeiture" account receivable for forfeited Finders monies are described in section 3.1.

- Monitor Finders monies held in trust at least monthly to ensure the monies are held and disbursed properly. Generate the Trust Account Summary Report for a list of Finders monies held per the court records. Finders monies are listed as the "Finders" trust type on the Trust Account Summary Report. Verify that the Finders monies held per this list should be held. For example, the 40-day holding period has not expired, or if the case requires a mandatory appearance, verify that a court hearing is pending. If a warrant is outstanding, bring the case before the judge for a decision as to whether the bail should be forfeited or continue to be held in trust.

2.3 Monitoring Procedures for Other Monies Held in Trust

Restitution and Other Third-Party Payments

- Monitor receipt and disbursement of restitution and other third party reimbursements by reviewing the Trust Account Summary at least monthly to ensure monies are paid promptly.

Overpayments

- Monitor the refund of Overpayments trust type listed on the Trust Account Summary Report at least monthly to ensure all overpayments have been refunded promptly. Overpayments to Refund Report is also available for monitoring purposes.

Payments Received When the Case cannot be Identified

- Monitoring procedures need to be established to ensure unidentified payments are receipted promptly, deposited within 3 business days, and applied to the proper case or returned to the payer within a reasonable amount of time, as determined by management.
- Monitor unidentified payments by reviewing the Trust Without a Case Report at least monthly to determine if these monies are still properly held as "Trust Without a Case."

3.1 Release of Monies Held in Trust

Cash Bail Forfeited/Applied

- Follow procedures for forfeiting/applying cash bail and receipting the monies. (For refunded cash bail, see section below captioned *Disbursement of Restitution, Third-Party Reimbursements, Overpayments, Refunded Cash Bail, and Refunded Finders Monies.*)

Per procedures designed for CORIS, from the Primary Menu, select *Accounting / Bail Bond Disposition*. The "Bail Bond Disposition" screen appears. Scroll through the bail/bond items by clicking "Next" to select the proper bail/bond to forfeit. When the correct bail/bond is showing, click on the "Forfeit" button:

1. If the cash bail is to be applied to the underlying amount owed, select the "Forfeit to Fine" option. Note: The defendant must have already been sentenced and an accounts receivable set up, before this option can be selected).
2. If the cash bail posted to trust will be applied to the bail/fine amount on a non-mandatory appearance case, select the only available option "Forfeit to State" option. Note: Refer to 1.1 Receipt of Cash Bail Monies, 1st bullet.
3. If the cash bail is to be forfeited for failure to appear on a mandatory appearance case and not applied to any underlying amount owed, select the "Forfeit to State" option. Choose the Bail item to forfeit and select Forfeit, then Exit. From the

Payment Screen, select A/R, and Revenue Receivable. At the top of the screen, select Assess Fee. Choose the "Party Responsible for Payment" from the scroll down box, e.g. defendant. At the bottom of the screen, select All Fee Codes. Scroll down until Forfeit to State, Misdem is displayed. Double click and the amount field will show \$0.00. Enter the amount then select Continue. Select Yes to save the data. This sets up a FN account receivable. The amount should be listed in the Payment Screen, Payment Options, Fine/Forfeiture total. Check the box next to Fine/Forfeiture and a box listing a name as the correct payor. Select the proper answer, yes or no. (In justice courts, the "Forfeit to State" option allocates the monies to the local government.)

- Next, the trust monies forfeited/applied need to be released from the Trust Account Summary Report on CORIS by issuing an actual or "mock" check payable to the court/local government.

To do this, use the "Trust Checks Available to Write" feature on CORIS. Follow the procedures designed for issuing checks on CORIS. Although this feature is for courts that maintain their own trust account and actually issue checks on CORIS, courts that have their checks issued by the local government still need to go through the process of issuing "mock" checks to disburse (pay out) the trust monies. The trust check transaction will remove the trust amount from the Trust Summary report and the Case Payment and History records.

- After the trust check has been issued, the trust monies need to be receipted through the Payment screen. From the Primary Menu, click on Cashiering and proceed to receipt the trust monies that will now be forfeited/applied:
 - If the trust is to be applied to the defendant's underlying fine amount owed (you selected the "Forfeit to Fine" option above), click on "Fine" in the Payment Options box. Enter the payment amount and finish receipting the payment.
 - If the trust is to be forfeited (you selected the "Forfeit to State" option above), from the Payment Screen, select A/R, and Revenue Receivable. At the top of the screen, select Assess Fee. Choose the "Party Responsible for Payment" from the scroll down box, e.g. defendant. At the bottom of the screen, select All Fee Codes. Scroll down until Forfeit to State, Misdem is displayed. Double click and enter the forfeited bail amount in the amount field, then select Continue. This sets up a FN account receivable.

Next, select the Payment Screen. The amount should be listed in the Payment Options as Unpaid Fees. Check the box next to Unpaid Fees and the Payment on Existing Fee Accounts screen will be displayed. Select the Forfeit to State, Misdemeanor fee listed, then select Continue.

In the Tender Options portion of the screen, enter the forfeited bail check amount in the Check \$ amount in the box, the check number, and the type as Government Check. Select Enter to issue a receipt and apply the cash bail to the forfeiture fine.

Note: In justice courts, the "Forfeit to State" option allocates the monies to the local government.

- The Trust Check Register Report can be printed for the accounting period to document trust checks that were issued for cash bail forfeited and receipted to revenue (bail/bond forfeiture payable to the court/local government). Highlight these check transactions and amounts and forward the report to the local government, so the general ledger trust and revenue accounts can be adjusted.

The Transaction Detail Report - Trust Transactions can be generated for the same period to document the transactions for bail forfeited and applied. These reports together provide the documentation for cash bail forfeited and applied to revenue.

Note: The judge may order cash bail to be forfeited and paid out as Restitution. Since Restitution is another Trust category, the local government may not need to adjust the Trust general ledger account.

- If the court deposits daily and the local government allocates the corresponding revenue to the general ledger, the local government may need a more concise form. A form that shows trust monies moved to revenue for the accounting period and the fine, surcharge, etc. allocation. Such a report is not currently available on CORIS. This information could be manually documented on a Trust Applied/Forfeited Log.⁵ A manually prepared log could be forwarded to the local government with the deposit, so the appropriate entries can be posted to the court trust account in the general ledger.

Also, note that because this transfer is done in the accounting records, the actual monies deposited will not agree with the amounts per the Transaction Detail Report for that journal. The trust monies transferred to revenue, by the "check issue" process just described, plus the actual monies deposited will equal the total collections per the Transaction Detail.

Finders Monies

- After the 40 day holding period has expired, or the defendant has contacted the court and the court has directed disposition of the bail, the Finders monies must be released from the Trust Account Summary on CORIS (unless the court directs otherwise). As noted in section 2.2, if the Finders monies have been posted to guarantee appearance in a case requiring mandatory appearance, the court must direct disposition of the bail.

⁵ A blank form is available on the web at: <http://www.utcourts.gov/courts/just/audit/forms.asp>

As noted in *Cash Bail Forfeited/Applied* section above, when trust monies are released from trust, CORIS procedures require that the trust check be issued. Refer to that section for procedures to issue the trust check.

For refunded Finders monies, see the section below captioned *Disbursement of Restitution, Third-Party Reimbursements, Overpayments, Refunded Cash Bail, and Refunded Finders Monies*.

- If the monies are to be forfeited and applied to the underlying fine amounts due, the trust check needs to be issued payable to the court/local government and receipted as any other court check payment.
- If the monies are to be forfeited, but not applied to the underlying fine amount, an account receivable forfeiture account needs to be set up on CORIS. (In justice courts, the "Forfeit to State - Misdemeanor" account is created, which allocates the monies to the local government.)

To create the account receivable, from the Primary Menu, select *Case / In Court / New Minutes*. Complete the Individuals Present screen, then select the Sentencing option. From this screen, select the "Forfeit to State-Misdemeanor" fee from the Fee drop-down box. Then enter the amount of the forfeiture in the Fee Amount box. This process creates the "forfeit to state - Misdemeanor" account receivable in CORIS so the "check" that will be issued can be receipted and allocated properly.

- As noted above, the local government may need to be apprised of the monies moved from the trust account to the revenue account(s). In the case of Finders monies, the process of receipting the Finders check will ensure the monies are allocated properly. The Trust Check Register Report can be printed for the accounting period to document trust checks for Finders monies that were issued and receipted to revenue (Finders Program payable to the court/local government). Highlight these check transactions and amounts and forward the report to the local government, so the general ledger trust and revenue accounts can be adjusted.
- However, the local government will need to know the amount of the Finders check moved out of the trust account so the proper entries can be made. This information could be manually documented on a Trust Applied/Forfeited Log, noting that the amount is Finders monies, and is included in the daily totals because it is receipted. Depending on local practice, courts may need to work with their local government to ensure the accounting is accurate when Finders monies are moved from trust to revenue, e.g. a separate Finders trust account could be set up in the general ledger.

Note: Because an actual check will not be issued and included in the deposit, the transfers is just an accounting entry moving Finders monies from trust to revenue, the actual monies deposited will not

agree with the amounts per the Transaction Detail Report for that journal. The trust monies transferred to revenue, by the "check issue" process, plus the actual monies deposited will equal the total collections per the Transaction Detail.

Unidentified Payments Now Receipted Because the Case/Citation Has Been Identified

- When unidentified payments receipted as "trust without a case" can be receipted to a case (the citation was located) the monies should be moved from trust and receipted on the case.
- As noted in *Cash Bail Forfeited/Applied* section above, when trust monies are released from trust, CORIS procedures require that the trust check be issued. If the monies are to be applied to the case, the amount of the check needs to be receipted as any other court check payment. These procedures are designed for courts that actually issue checks on CORIS.

During the process of issuing the checks, CORIS asks for an actual check number (see disbursement process described in the next section). An actual or "mock" check must be issued from CORIS to account properly for the cash bail forfeited and receipted to revenue. If the court issues "mock" checks, use a self-developed numbering system, for cash bail forfeited/applied checks.

Also, note that because this process just changes the nature of the cash bail from trust to revenue when the check is receipted, the actual monies deposited will not agree with the amounts per the Transaction Detail Report for that journal. The trust monies transferred to revenue, by the "mock check issue" process just described, plus the actual monies deposited will equal the total collections per the Transaction Detail.

Per procedures designed for CORIS, from the Primary Menu, select *Accounting / Trust Check Processing*. Select "Trust Checks Available to Write." If the "Trust without a Case" payment is not listed, you may need to click on "Filter" and click "All Checks." (As noted in the *Disbursement* section below, if the unidentified payment was paid by check, CORIS will not list the amount in the "Trust Checks Available to Write" module for 14 days. This is to ensure the check payment received by the court clears the bank.)

When you select the "Trust Without a Case Payment" payment option the "Trust Without a Case Payout" box appears. Click on the "Apply Revenue to a Case" button and enter the case number in the "Apply to Case" box. (The case to which you are moving the money has to be set up first on CORIS.) This returns you to the "Trust Without a Case Payout" box. If you try to exit, a message box appears asking if you would like to finish check processing. You should respond "Yes" to "issue" a check for the trust monies that can now be applied to a case.

- As noted in the *Disbursement* section below, when trust monies are disbursed, CORIS procedures are designed for courts that actually issue checks on CORIS. If “Trust without a Case” monies are issued to a third party, then an actual check needs to be disbursed by either the court or local government.

Courts that have their checks issued by the local government still need to go through the process of "issuing" those trust checks on CORIS. This ensures the disbursement is recorded in the Trust Account Summary Report and in the individual Case History.

During the process of issuing the checks, CORIS asks for an actual check number (see disbursement process described in the next section). Except for cash bail forfeited checks, finders checks issued to the court to apply to revenue, or “Trust without a Case” checks issued to the court, all other “mock” checks should reference the check number from the local government check/voucher.

Disbursement of Restitution, Third-Party Reimbursements, Overpayments, Refunded Cash Bail, and Refunded Finders Monies

- Disburse monies that are to be paid to a party within 7 days of disposition/receipt, per UCA §§ 78-5-126 and 135. Process the request for disbursement promptly to allow the local government time to issue and mail the check. However, if the restitution, etc., was paid by check, the court may want to adopt a policy to hold processing the disbursement for 14 days to ensure the check payment received by the court is honored. CORIS will not list the amount in the "Trust Checks Available to Write" module for 14 days to allow time for the check to clear the bank. This is a practice in State Courts.
- When the monies are disbursed, make the appropriate entries using the procedures designed for CORIS, as follows: To payout monies so that it no longer shows in the Trust Account Summary Report, use the “Trust Checks Available to Write” feature. This feature is for courts that actually issue the checks on CORIS. However, courts that have their checks issued by the local government still need to go through the process of “issuing” the checks on the system. This ensures the disbursement is recorded in the trust records and in the individual Case History.

During the process of "issuing" the check, the check number, amount, and payee from the local government check is needed. The local government should return a copy of the check to the court for this purpose and as verification that the check was issued. Note: for good separation of duties, the local government should ensure the check is mailed immediately after it is signed. The signed check should not be returned to the court to be mailed, only a copy of the check.

- Set the case on CORIS tracking for the date the disbursement should be processed or create a disbursement folder to monitor disbursements due. On the date the monies are identified as due to a

party (whether by court order or because an overpayment or restitution was received), make an entry in the court docket detailing the disbursement due. For example:

- (1) Overpayment (paid by check) was received this date and will be refunded to XX after the 10-business-day holding period. A disbursement request will be processed after [date].
- (2) Per court order, \$500 of the cash bail posted will be refunded to XX. A disbursement request will be processed this date.

Place a copy of the docket in the folder filed according to the date the disbursement request will be processed. Monitor the folder weekly to ensure disbursements are processed timely.

- Record disbursements on a Disbursement Journal (form is available on the web at: <http://www.utcourts.gov/courts/just/audit/forms.asp>). The Disbursements Journal serves as a central record for all disbursements authorized by the court. See detailed procedures on the bottom of the form.

Reconciliation of Trust Monies

- Reconcile the Trust Check Register and monies held per the Trust Account Summary to the local government ledger accounts periodically to ensure that amounts held per the court records agree with amounts per the local government ledger.

Care must be taken to ensure the accuracy of the amounts posted as trust monies (e.g., cash bail, restitution and other third-party payments, unidentified payments). The court's trust records serve as the supporting detail (subsidiary ledger) for the trust account(s) in the local government general ledger. The amounts held per the court records should agree with amounts held per the local government records at all times (adjusting for timing differences for items in transit).

The local government ledger and bank statement also need to be reconciled monthly, per CJA Rule 3-407(3) (C) and the Uniform Accounting Manual for Local Governments in Utah, IV. Town Section, B.01 Record Keeping Requirements.